

State of California

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Legislative Change No.

03-20

Bill Number: SB 760

Author: Scott and Alpert

Chapter Number: 03-597

Laws Affecting Franchise Tax Board: Revenue and Taxation Code Sections 6368.8 and 6368.9.

Date Filed with the Secretary of the State: September 29, 2003

SUBJECT: FTB Study Sales and Use Tax Exemption and Report Revenue Loss for Use of Sale and Leaseback Financing Transactions by Transit Agencies

Senate Bill 760 (Scott and Alpert), as enacted on September 28, 2003, made the following changes to California law:

Section 6368.8 of the Revenue and Taxation Code is amended:

This act:

- Extends the sales and use tax exemption until January 1, 2009, for specified sale and leaseback transactions undertaken by public entities,
- Requires the Legislative Analyst's Office (LAO) to report to the Legislature on the impact of this exemption by January 1, 2008,
- Requires that certain specified information be furnished by the public entity to the Franchise Tax Board (FTB), and
- Requires the FTB to review the furnished information and report every two years to the LAO, the Senate Committee on Revenue and Taxation, and the Assembly Committee on Revenue and Taxation on the revenue loss to the state, if there is any.

Section 6368.9 of the Revenue and Taxation Code is added:

This act continues the sales and use tax exemption on qualified transactions entered into before the repeal date of Section 6368.8.

As a tax levy, this act is effective immediately and operative, by terms of the act, for taxable years beginning on or after January 1, 2004.

This act requires the department to report every two years on the revenue impact of these transactions to state revenue.

Bureau Director

Jana Howard for Brian Putler

Date

10/31/03